

Message Text

LIMITED OFFICIAL USE

PAGE 01 THE HA 01186 140618 Z

12

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-03 PRS-01 USIA-12 INRE-00 RSR-01

/161 W

----- 047143

P R 131610 Z MAR 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC PRIORITY 882

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE THE HAGUE 1186

PASS TREASURY AND FRB

E. O. 11652: N/ A

TAGS: EFIN, NL

SUBJECT: GUILDER NOT LIKELY TO FOLLOW D- MARK
REVALUATION

SUMMARY:

ACCORDING TO DUTCH TREASURER GENERAL OORT, GON WILL
MOST PROBABLY DECIDE NOT TO FOLLOW 3 PERCENT D- MARK REVALUATION.
NEW CENTRAL BANK MEASURES TO IMPEDE CAPITAL INFLOWS
EXPECTED LATER THIS WEEK. ON AMSTERDAM FOREIGN EXCHANGE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 THE HA 01186 140618 Z

MARKET DOLLAR- GUILDER RATE STRENGTHENING.

END SUMMARY

1. TREASURER GENERAL OORT HAS TOLD ECONOMIC COUNSELOR OF " STRONG LIKELIHOOD" THAT DUTCH CABINET WILL DECIDE LATE MARCH 13 -- AFTER CONSULTATION WITH BENELUX PARTNERS-- AGAINST ANY FURTHER REVALUATION OF GUILDER.

2. DUTCH SEE NO ADVANTAGE TO REVALUING, EXCEPT FOR RESULTING SLIGHT DECLINE IN IMPORT PRICES WHICH MIGHT MARGINALLY HELP DOMESTIC ANTI- INFLATION EFFORT. THIS CONSIDERATION OUTWEIGHED, HOWEVER, BY DESIRE TO MAINTAIN COMPETITIVE EDGE IN EXPRTS, PARTICULARLY VIS- A- VIS PRINCIPAL TRADE PARTNER GERMANY.

3. OFFICIAL SOURCES ALSO TELL US THAT CENTRAL BANK WILL TAKE ADDITIONAL MEASURES WITHIN NEXT DAY OR TWO TO IMPEDE INFLOW OF FOREIGN CAPITAL, AND SO FURTHER " DIRTY" GUILDER FLOAT.

4. IN LIMITED AMSTERDAM FOREIGN EXCHANGE TRADING, DOLLAR- GUILDER RATE STRENGTHENED TO 2.85, ONLY HALF DUTCH CENT BELOW LOWER INTERVENTION LEVEL OF OFFICAL EXCHANGE RATE ESTABLISHED FEBRUARY 14. ONE BANKING SOURCE SAW SOME EVIDENCE OF BASIC TURNAROUND IN EXCHANGE RATES HERE AND IN SWITZERLAND AND GERMANY. OTHERS CITED ONLY TECHNICAL FACTORS AND RUMORS OF POSSIBLE SALES OF GOLD BY U. S. AND OTHER COUNTRIES. PREMIUM ON " O" GULDERS REQUIRED BY FOREIGNERS TO PURCHASE DUTCH DEBT SECURITIES FELL TO BELOW 2 PERCENT, AS COMPARED TO 4 1/2 PERCENT TWO WEEKS AGO.

5. NEWSPAPER COMMENTARY CONCERNING WEEKEND EEC DECISIONS WAS EXTENSIVE, BUT BLAND AND STOICAL. SOLE EXCEPTION, PRINCIPAL FINANCIAL DAILY " FINANCIEELE DAGBLAD", SEVERLY CRITICIZED WHAT THEY TERMED " NEW EEC FAILURE TO REACH JOINT POSITION", DUE TO " LACK OF IMAGINATION AND COURAGE". U. S. WHICH UNDERSTANDS VERY WELL WHAT ITS INTEREST ARE WILL ONE MORE HAVE ADVANTAGE OVER DIVIDED EEC IN FORTH- COMING MONETARY NEGOTIATIONS, PAPER PREDICTS. MIDDENDORF

LIMITED OFFICIAL USE

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973THEHA01186
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730331/aaaahxgb.tel
Line Count: 108
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jul-2001 by izenbei0>; APPROVED <22-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> wfs 971210
Subject: GUILDER NOT LIKELY TO FOLLOW D- MARK REVALUATION
TAGS: EFIN, NL
To: BERN
BONN
BRUSSELS
EB
LONDON
LUXEMBOURG
PARIS

ROME

SECSTATE WASHDC

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005